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APRA Policy Brief

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Is rice and sunflower commercialisation in Tanzania inclusive for women and youth?

Key messages

- Many small-scale farmers participate in, and benefit from, commercial rice and sunflower production in Tanzania, but there is social differentiation due to differences in access to resources.
- The returns to household labour among farmers engaged in commercial rice and sunflower production was substantially higher than the wage rate paid to those hired to work on farms. However, the return to labour among older farmers was substantially higher than for young farmers, and was also higher for men than for women.
- The returns to household labour – which ranged from TSh13,237 (US\$5.69) to TSh24,315 (US\$10.46) a day in rice production and TSh11,038 (US\$4.75) to TSh35,306 (US\$15.18) a day in sunflower production – barely allow for households to escape poverty.
- Higher levels of poverty were observed among households headed by older farmers compared with households headed by young farmers who often had fewer mouths to feed.
- Addressing problems of poor access to financial capital and agricultural land would enhance women and youth participation in, and the benefits from, agricultural value chains.

Ntengua Mdoe¹, Aida Isinika, Gilead Mlay, Gideon Boniface, Christopher Magomba, John Jeckoniah and Devotha Moshia

What are the issues?

Rice is Tanzania's third most important staple crop after maize and cassava, and produced by more than 1 million households who are mostly small-scale farmers. Meanwhile sunflower is the most important edible oil crop in Tanzania, also grown mostly by small-scale farmers. Over the last two decades, rice and sunflower have increasingly become important sources of income. This can be attributed to efforts by the government, in collaboration with development agencies, to commercialise rice and sunflower production to improve livelihoods and reduce poverty among actors in both value chains. There have also been efforts aimed at ensuring sustainable commercialisation and involvement of women and youth in the commercialisation process (URT, 2016; URT, 2019). Despite these initiatives, women and youth involvement in the rice and sunflower commercialisation process is likely to be constrained by their limited access to land and financial capital.

Land access problems among women and youth in Tanzania are largely the result of cultural restrictions on the ownership of ancestral land by women and youth (USAID, 2019). Although the Village Land Act of 1999 recognises the right of every woman to acquire, control, and use land to the same extent as any man, it does not have provisions on the rights of women and youth to inherit ancestral land (URT, 1999).

Women and young people also often face limited access to financial capital. Collateral requirements of commercial banks are a significant stumbling block as asset ownership is often low for women and youth (Mbuga, 2019). To overcome these constraints, the government has established the Tanzania Agricultural Development Bank (TADB) to provide a guarantee to small-scale farmers who lack collateral but are trying to access credit from commercial

¹ Ntengua Mdoe is a professor at the Sokoine University of Agriculture, and APRA Tanzania team adviser. Email: nsymdoe@gmail.com



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banks. The guarantee scheme is reported to be successful. Apart from TADB, which has been reported to be successful (The Citizen, 2021), there are other guarantee schemes involving commercial banks, millers (guarantors) and members of farmers' groups. A notable example is the tripartite agreement involving the National Microfinance Bank (NMB), a rice processor (guarantor), and members of Minepa Farmers Association in Malinyi District, Morogoro, Tanzania (Aga Khan Foundation, 2020). The agreement requires farmers to sell rice to the processor, which then repays the loan to the bank on behalf of the farmer.

Besides loans from banks, local government authorities (LGAs) are obliged to remit 10 per cent of their income-generating activities to a development fund for women, youth and disabled people whereby 4 per cent, 4 per cent and 2 per cent of the contributions is for women, youth and disabled people respectively. However, access to the funds are fraught with problems, including limited availability due to inadequate revenue collected, the diversion of funds to non-beneficiaries (ANSAF, 2019), and funds only being provided to groups and not individuals. In general, the procedure of getting funds from LGAs is also long and bureaucratic compared to accessing credit from commercial banks.

Looking at government policy to promote commercial rice and sunflower production for poverty reduction, this brief examines the extent to which households headed by women and youth have been able to participate in the commercialisation process of the two value chains. Other questions include, what are the returns to household labour involved in the production of the crops? What is the poverty status of households headed by women and youth who are participating in commercial rice and sunflower value chains?

The policy brief draws from research on rice and sunflower commercialisation in Kilombero and Singida, which is being implemented under the Agricultural Policy Research in Africa (APRA) consortium. In Kilombero, the research covered 537 rice-producing households, selected randomly from 10 villages in Mngeta Division, while in Singida it covered 601 sunflower producing households selected randomly from 15 villages in Iramba and Mkalama districts. The survey data were supplemented with qualitative data collected through focus group discussions (FDGs) and key informant

interviews during the same period (Isinika and Mwajombe, 2018; Isinika and Mwajombe, 2019).

What are the key findings?

Our findings show that women and youth do participate in the production and marketing of rice and sunflower. However, differences were observed in the level of participation between young and older farmers, and between male and female farmers. Irrespective of gender, the percentage of older farmers participating in rice production (76 per cent) was significantly higher than the percentage of young farmers (25 per cent). Similarly, the percentage of older farmers participating in sunflower production (78 per cent) was significantly higher than the percentage of young farmers (22 per cent). Interestingly, the percentage of households headed by older female farmers involved in rice (79 per cent) and sunflower (92 per cent) production was higher than their male counterparts involved in rice (75 per cent) and sunflower (76 per cent) production. For young farmers, the percentage of households headed by young female farmers involved in rice (21 per cent) and sunflower (9 per cent) production was lower than their male counterparts involved in rice (25 per cent) and sunflower (24 per cent) production.

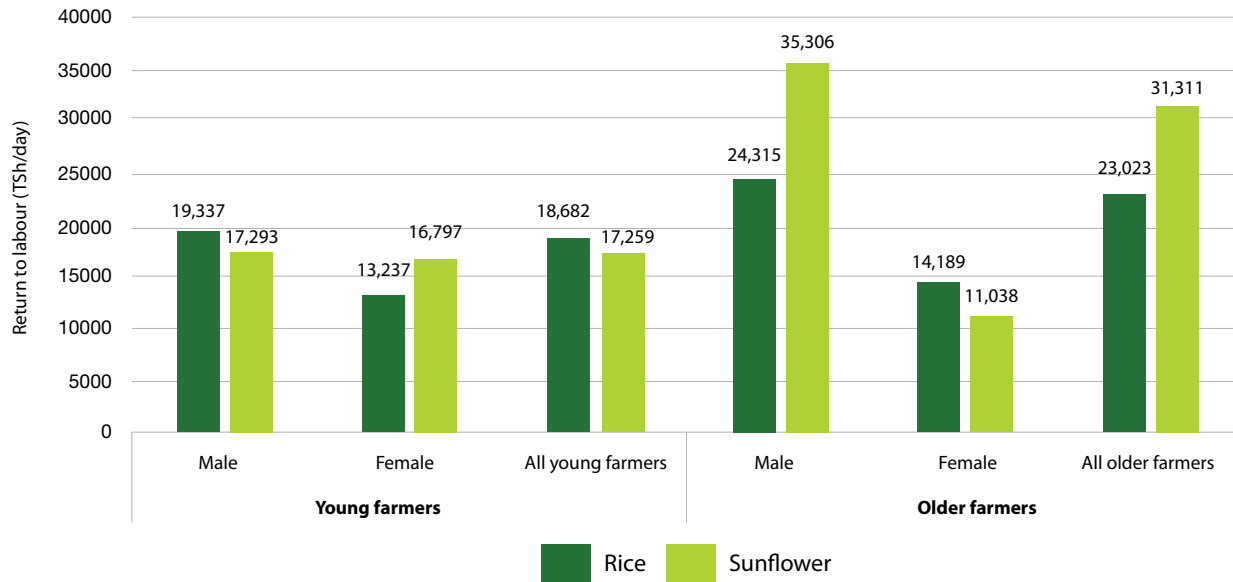
Participation in marketing of rice or sunflower depends on the quantity produced and the quantity retained to meet household subsistence requirements. A farmer will not participate in the market if the whole quantity produced is retained to meet subsistence requirements. Commercialisation indices expressed as the quantity of marketed produce as a percentage of total quantity produced were used as indicators of market participation. Despite planting larger land areas with rice and harvesting higher yields, households headed by older farmers had a lower rice commercialisation index (RCI) than households headed by young farmers, suggesting that older farmers sold a smaller proportion of their rice. This could be because older farmers needed to retain a larger proportion of the harvested rice for household consumption as they often have larger household sizes. Similarly, households headed by young farmers had a higher sunflower commercialisation index (SCI) of 73 per cent than households headed by older farmers (68 per cent). Irrespective of age category, however, male-headed households had higher RCI and SCI scores

than female-headed households. For older farmers, the RCI and SCI scores for households headed by older males were 61 per cent and 71 per cent, respectively, compared with RCI and SCI scores for households headed by older female farmers of 53 per cent and 65 per cent, respectively. For young farmers, the RCI and SCI scores for households headed by young male farmers were higher (64 per cent and 73 per cent, respectively) than the RCI and SCI scores for households headed by young female farmers (52 per cent and 71 per cent, respectively).

Effective participation in commercial rice and sunflower production depends on returns to their labour. Figure 1 shows that the return to labour among farmers engaged in commercial rice and sunflower

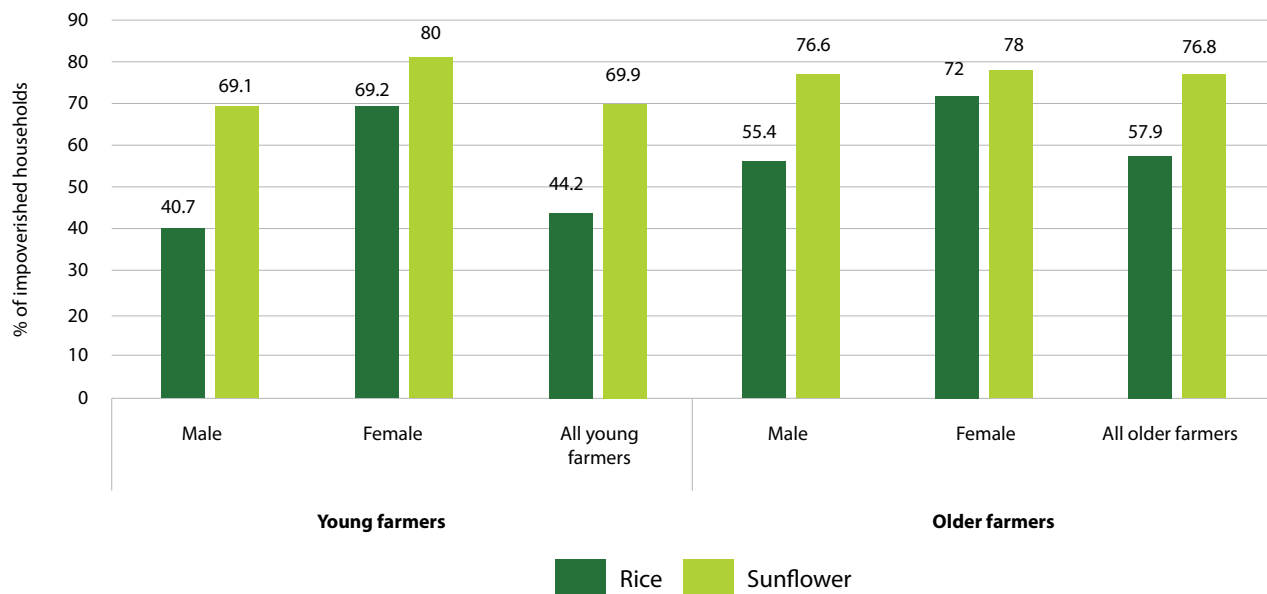
production was substantially higher than the wage rate for those they hired. However, the returns to household labour ranged from TSh13,237 (US\$5.69) a day for households headed by young women to TSh24,315 (US\$10.46) a day for households headed by older men involved in rice production, and TSh11,038 (US\$4.75) a day for households headed by older women to TSh35,306 (US\$15.18) a day for households headed by older men involved in sunflower production. These returns barely allow some households to escape poverty, especially if their households had many members. Figure 2 shows the percentage of impoverished households by age and sex category of household head.

Figure 1: Return to labour in rice and sunflower production by age and sex of household head



Note: US\$1 = TSh2,315.86
Source: Authors' own

Figure 2: Percentage of impoverished households by age and sex category of household head



Source: Authors' own



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The levels of commercialisation, returns to household labour, and poverty at the household level, differ between categories of rice and sunflower farmers. Households headed by female farmers had low commercialisation levels overall, low returns to household labour and high levels of poverty, compared to their male counterparts. The low RCI and SCI scores among female-headed households are largely due to limited access to land and lower yields because they cannot afford productivity-improving technologies. Limited access to land and financial capital were the major challenges faced by women and youth reported during the FGDs and reported by Isinika et al. (2020) and Mosha et al. (2021). Comparisons also show higher commercialisation levels and lower poverty levels for households headed by young farmers, compared to those headed by older farmers. This is likely because young farmers have fewer mouths to feed compared to households headed by older farmers, and so can market more of their output.

Conclusions and policy implications

Our findings show that smallholder farmers, including women and youth, participate in commercial rice and sunflower production, but with social differentiation due to different levels of access to resources. The findings have important implications for policymakers in Tanzania as they strive to improve the welfare of smallholder farmers. Evidence highlights the importance of supporting policies that enhance access to resources, particularly financial capital and agricultural land.

i. Lack of working capital for most women and young farmers limit their use of productivity-enhancing inputs. Actions that can be taken to improve access to financial capital include:

- A tripartite agreement involving rice and sunflower farmers, banks and processors. Banks prefer to work with established businesses with assets, balance sheets and an ability to pull produce and credit through the value chain, so a tripartite agreement is recommended as a financing mechanism that should be scaled up in rice- and sunflower-producing areas where farmers market their produce through processors who are guarantors. The efforts to scale up

this financing mechanism should go hand-in-hand with strengthening existing farmer groups/associations and encouraging the formation of new groups/associations to mobilise savings.

- Ensuring that LGAs meet their requirement to contribute 10 per cent of their revenue collection to the women, youth and disabled people's development funds and that this is correctly and efficiently distributed.
- ii. Although efforts to enhance access to financial resources can enable women and youth to rent land for commercial rice and sunflower production, this should go hand-in-hand with efforts to review the Village Land Act of 1999 to incorporate provisions for the rights of women and youth to inherit ancestral land. Also, village leaders should target land-constrained women and youth in the allocation of village land.



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